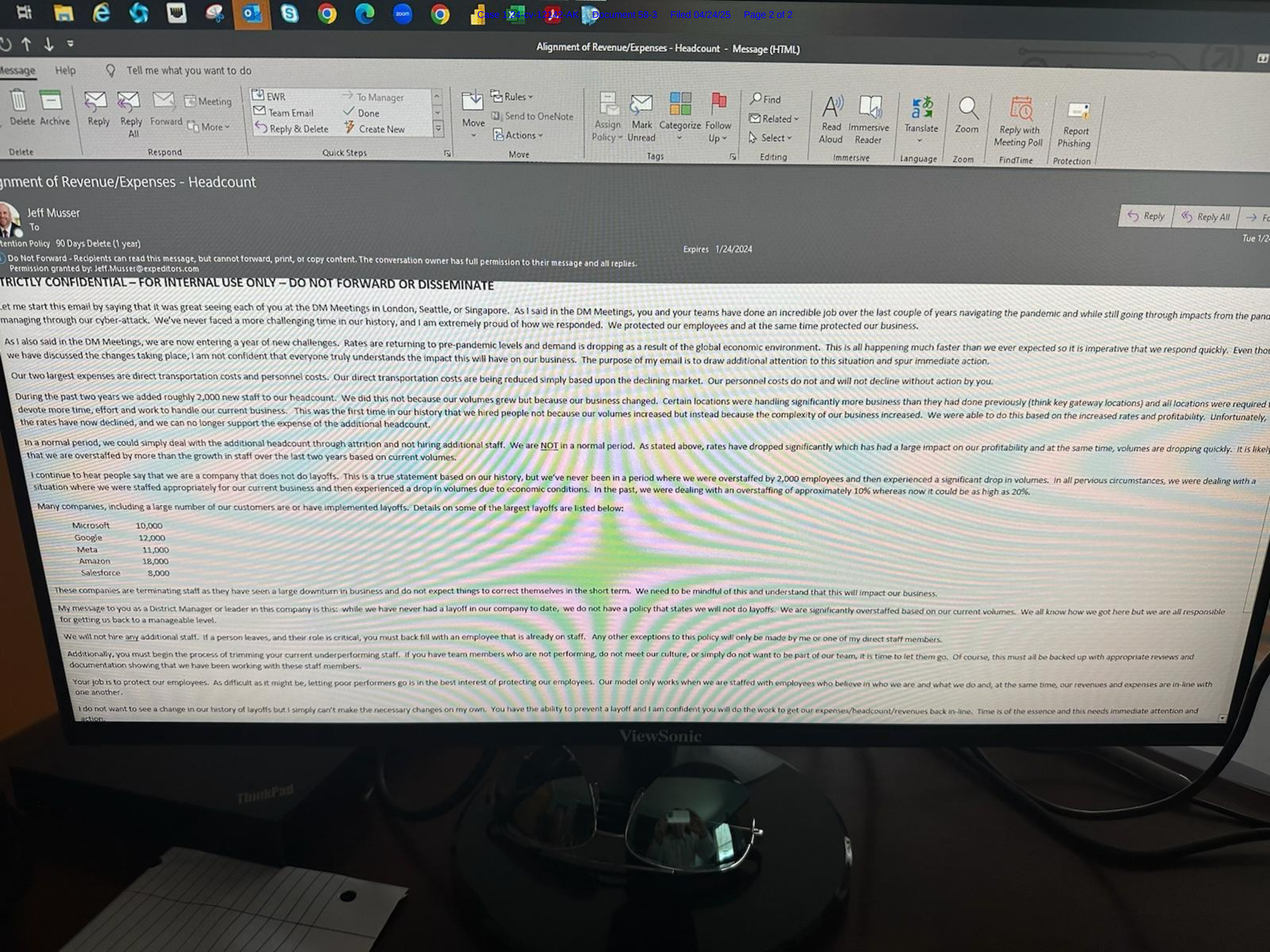


EXHIBIT 3



Alignment of Revenue/Expenses - Headcount - Message (HTML)

Message Help Tell me what you want to do

Delete Archive Reply Reply All Forward More ~

Meeting

EWRTeam EmailReply & DeleteTo ManagerDoneCreate New

Quick Steps

MoveRulesSend to OneNoteActionsMove

Assign PolicyMark UnreadCategorizeFollow UpTags

FindRelatedSelectEditing

Read AloudImmersive ReaderImmersive

TranslateLanguage

Zoom

Reply with Meeting PollFindTime

Report PhishingProtection

Alignment of Revenue/Expenses - Headcount

Jeff Musser
To

Retention Policy 90 Days Delete (1 year)

Expires 1/24/2024

Do Not Forward - Recipients can read this message, but cannot forward, print, or copy content. The conversation owner has full permission to their message and all replies.
Permission granted by: Jeff.Musser@expeditors.com

Reply Reply All Forward

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Let me start this email by saying that it was great seeing each of you at the DM Meetings in London, Seattle, or Singapore. As I said in the DM Meetings, you and your teams have done an incredible job over the last couple of years navigating the pandemic and while still going through impacts from the pandemic managing through our cyber-attack. We've never faced a more challenging time in our history, and I am extremely proud of how we responded. We protected our employees and at the same time protected our business.

As I also said in the DM Meetings, we are now entering a year of new challenges. Rates are returning to pre-pandemic levels and demand is dropping as a result of the global economic environment. This is all happening much faster than we ever expected so it is imperative that we respond quickly. Even though we have discussed the changes taking place, I am not confident that everyone truly understands the impact this will have on our business. The purpose of my email is to draw additional attention to this situation and spur immediate action.

Our two largest expenses are direct transportation costs and personnel costs. Our direct transportation costs are being reduced simply based upon the declining market. Our personnel costs do not and will not decline without action by you.

During the past two years we added roughly 2,000 new staff to our headcount. We did this not because our volumes grew but because our business changed. Certain locations were handling significantly more business than they had done previously (think key gateway locations) and all locations were required to devote more time, effort and work to handle our current business. This was the first time in our history that we hired people not because our volumes increased but instead because the complexity of our business increased. We were able to do this based on the increased rates and profitability. Unfortunately, the rates have now declined, and we can no longer support the expense of the additional headcount.

In a normal period, we could simply deal with the additional headcount through attrition and not hiring additional staff. We are NOT in a normal period. As stated above, rates have dropped significantly which has had a large impact on our profitability and at the same time, volumes are dropping quickly. It is likely that we are overstaffed by more than the growth in staff over the last two years based on current volumes.

I continue to hear people say that we are a company that does not do layoffs. This is a true statement based on our history, but we've never been in a period where we were overstaffed by 2,000 employees and then experienced a significant drop in volumes. In all previous circumstances, we were dealing with a situation where we were staffed appropriately for our current business and then experienced a drop in volumes due to economic conditions. In the past, we were dealing with an overstaffing of approximately 10% whereas now it could be as high as 20%.

Many companies, including a large number of our customers are or have implemented layoffs. Details on some of the largest layoffs are listed below:

Microsoft	10,000
Google	12,000
Meta	11,000
Amazon	18,000
Salesforce	8,000

These companies are terminating staff as they have seen a large downturn in business and do not expect things to correct themselves in the short term. We need to be mindful of this and understand that this will impact our business.

My message to you as a District Manager or leader in this company is this: while we have never had a layoff in our company to date, we do not have a policy that states we will not do layoffs. We are significantly overstaffed based on our current volumes. We all know how we got here but we are all responsible for getting us back to a manageable level.

We will not hire any additional staff. If a person leaves, and their role is critical, you must back fill with an employee that is already on staff. Any other exceptions to this policy will only be made by me or one of my direct staff members.

Additionally, you must begin the process of trimming your current underperforming staff. If you have team members who are not performing, do not meet our culture, or simply do not want to be part of our team, it is time to let them go. Of course, this must all be backed up with appropriate reviews and documentation showing that we have been working with these staff members.

Your job is to protect our employees. As difficult as it might be, letting poor performers go is in the best interest of protecting our employees. Our model only works when we are staffed with employees who believe in who we are and what we do and, at the same time, our revenues and expenses are in-line with one another.

I do not want to see a change in our history of layoffs but I simply can't make the necessary changes on my own. You have the ability to prevent a layoff and I am confident you will do the work to get our expenses/headcount/revenues back in-line. Time is of the essence and this needs immediate attention and action.

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